

Multiple Agency Fiscal Note Summary

Bill Number: 5598 2S SB	Title: Horses/funding
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	(1,350,000)	(1,350,000)	0	0	0	0	0	0	0
Office of State Treasurer	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Horse Racing Commission	0	0	1,320,000	0	0	(30,000)	0	0	(30,000)
Total \$	(1,350,000)	(1,350,000)	1,320,000	0	0	(30,000)	0	0	(30,000)

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Horse Racing Commission	1.4	0	0	1,048,000	1.8	0	0	0	1.8	0	0	0
Total \$	1.4	0	0	1,048,000	1.8	0	0	0	1.8	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Horse Racing Commission	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

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Prepared by: Cheri Keller, OFM

Phone:
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Date Published:
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Individual State Agency Fiscal Note

Bill Number: 5598 2S SB	Title: Horses/funding	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-State 001-1	(1,350,000)		(1,350,000)		
Horse Racing Commission Operating Account-Non-Appropriated 169-6	1,350,000		1,350,000		
Total \$					

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kellee Gunn	Phone: 786-7429	Date: 02/06/2024
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/12/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/12/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/12/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

2SSB 5598, section 3, directs a transfer from the general fund into the Washington horse racing commission operating account during fiscal year 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Assumption: The legislature will include in the 2024 supplemental operating budget the \$1,350,000 transfer from the general fund to the Washington horse racing commission operating account under the office of the state treasurer's transfer section (for the state treasurer - transfers).

This fiscal note reflects the \$1,350,000 transfer.

The Washington horse racing commission operating account earnings from investments are retained by the account under RCW 43.79A.040(4)(b).

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

Bill Number: 5598 2S SB	Title: Horses/funding	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kellee Gunn	Phone: 86-7429	Date: 02/06/2024
Agency Preparation: Diana Tibbetts	Phone: 60-534-1520	Date: 02/08/2024
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 02/08/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/09/2024

Request # 5598-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Note: This fiscal note reflects language in SSB 5598, 2024 Legislative Session.

COMPARISON OF THE SECOND SUBSTITUTE BILL WITH THE SUBSTITUTE:

The second substitute bill reduces the \$6 million annual appropriation to a one-time appropriation of \$1.35 million to the Washington Horse Racing Commission Operating Account.

CURRENT LAW:

The Washington Horse Racing Commission (commission) is responsible for licensing, regulating, and supervising all horse race meets held in Washington where parimutuel betting is used.

PROPOSAL:

During the 2024 state fiscal year, \$1.35 million shall be transferred from the general fund into the Washington Horse Racing Commission Operating Account.

This bill is null and void if funding is not provided by June 30, 2024, in the omnibus appropriation act.

EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

This legislation results in no revenue impact on taxes administered by the Department of Revenue (department).

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The department will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5598 2S SB	Title: Horses/funding	Agency: 185-Horse Racing Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Horse Racing Commission Operating Account-Non-Appropriated 169-6	1,335,000	(15,000)	1,320,000	(30,000)	(30,000)
Total \$	1,335,000	(15,000)	1,320,000	(30,000)	(30,000)

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.9	1.8	1.4	1.8	1.8
Account					
Horse Racing Commission Operating Account-Non-Appropriated 169-6	168,000	880,000	1,048,000	0	0
Total \$	168,000	880,000	1,048,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kellee Gunn	Phone: 786-7429	Date: 02/06/2024
Agency Preparation: Seth Flory	Phone: (360) 407-8165	Date: 02/12/2024
Agency Approval: Seth Flory	Phone: (360) 407-8165	Date: 02/12/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/12/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

2nd Substitute Senate Bill 5598 relates to funding for the Washington Horse Racing Commission (WHRC).

Section 1 authorizes WHRC to impose fees to ensure compliance with federal Horseracing Integrity and Safety Act (HISA).

Section 2 reduces the daily live racing licensing fee from \$500 to \$200.

Section 3(1) authorizes a transfer of \$1,350,000 from the State General Fund (001) to the Horse Racing Commission Operating Account (169). Section 3(3) stipulates how the funds are to be utilized.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Section 2 amends RCW 67.16.050 reducing the daily live racing licensing fees from \$500 to \$200. This is expected to reduce Operating Account (169) revenue by \$15,000/yr.

Section 3(1) authorizes a transfer of \$1,350,000 from the State General Fund (001) to the Horse Racing Commission Operating Account (169) during Fiscal Year 2024.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 3(1) authorizes a transfer of \$1,350,000 from the State General Fund (001) to the Horse Racing Commission Operating Account (169). Approximately \$302,000 of the transferred amount is needed to make up for the commission existing operating deficit (expenditures are greater than revenues). An additional \$348,000 is needed to rehire Veterinarians and Veterinarian Assistants and reestablish the agency's racehorse Test Barn program. Federal Regulation led to the Commission temporarily handing off the Test Barn program but starting in 2024 the Commission will take the over once again. During the remainder of the 2023-25 biennium the Commission anticipates needing \$224,000 to pay salaries and wages for Veterinarians and 4-5 Vet Assistances on a part-time seasonal basis. \$56,000 will be needed to cover payroll taxes and employee benefits. Finally, \$68,000 would be used for Test Barn supplies and to send off biological samples for testing in labs.

After \$650,000 is utilized for existing for returning operating expenditure, \$700,000 will remain for other purposes as stipulated in Section 3(3):

- 10% or \$70,000 will be directed to equine rescue and rehousing organizations via grants.
- 90% or \$630,000 will be directed to racing associations in the form of grants for specific purposes. Grant requests from racing associations will be vetted and reviewed by the Commission and approved if they sufficiently address needs pertaining to horse and human safety or requirements of the Federal Horseracing Integrity and Safety Act (HISA). While the exact distribution of the grants funds is not known at the time, \$460,000 will almost certainly go to the Emerald Downs racing association who, as the State's only Class 1 racing organization, will be directly responsible for HISA gross assessment fees in 2024.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
169-6	Horse Racing Commission Operating Account	Non-Appropriated	168,000	880,000	1,048,000	0	0
Total \$			168,000	880,000	1,048,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.9	1.8	1.4	1.8	1.8
A-Salaries and Wages	73,000	151,000	224,000		
B-Employee Benefits	18,000	38,000	56,000		
C-Professional Service Contracts					
E-Goods and Other Services	19,000	49,000	68,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	58,000	642,000	700,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	168,000	880,000	1,048,000	0	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Veterinarian	146,900	0.3	0.6	0.5	0.6	0.6
Veterinarian Assistant	48,500	0.6	1.2	0.9	1.2	1.2
Total FTEs		0.9	1.8	1.4	1.8	1.8

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.



Multiple Agency Ten-Year Analysis Summary

Bill Number 5598 2S SB	Title Horses/funding
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Horse Racing Commission Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0



Ten-Year Analysis

Bill Number 5598 2S SB	Title Horses/funding	Agency 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts **Partially Indeterminate Cash Receipts** **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code												
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Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 2/12/2024 2:50:05 pm
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 2/12/2024 2:50:05 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5598 2S SB	Title Horses/funding	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts **Partially Indeterminate Cash Receipts** **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code												
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Agency Preparation: Diana Tibbetts	Phone: 360-534-1520	Date: 2/8/2024 4:39:09 pm
Agency Approval: Marianne McIntosh	Phone: 360-534-1505	Date: 2/8/2024 4:39:09 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5598 2S SB	Title Horses/funding	Agency 185 Horse Racing Commission
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 1 authorizes WHRC to impose fees to ensure compliance with federal Horseracing Integrity and Safety Act (HISA). The Horse Racing Commission currently has no plans to levy fees under this statute.

Agency Preparation: Seth Flory	Phone: (360) 407-8165	Date: 2/12/2024 4:38:48 pm
Agency Approval: Seth Flory	Phone: (360) 407-8165	Date: 2/12/2024 4:38:48 pm
OFM Review:	Phone:	Date: